



U.S. DEPARTMENT OF ENERGY
Office of Electricity Delivery and Energy Reliability
Infrastructure Security and Energy Restoration

ENERGY ASSURANCE DAILY

Thursday Evening, September 15, 2016

Major Developments

Update: Colonial Pipeline Delays Full Restart of Its 1.37 Million b/d Gasoline Line 1 Until Next Week; Colonial, Shippers Executing Contingency Plans to Mitigate Supply Disruptions

Colonial Pipeline Co. said Thursday that it was delaying the full restart of its 1.37 million b/d Line 1 until next week. Line 1, which carries gasoline from Houston, Texas to delivery points across the Southeast, was shut completely on Friday, September 9, when a gasoline leak estimated at 6,000 barrels was discovered near Helena, Alabama. Colonial's 1.16 million b/d Line 2, which carries distillates along the same route as Line 1, was also shut on September 9 but was restarted later that day when the leak was confirmed from Line 1. The company had previously expected to restart Line 1 by this weekend but work was delayed on Wednesday evening and into Thursday morning due to unfavorable weather conditions, which caused gasoline vapors to settle over the incident site. In order to mitigate potential supply disruptions, Colonial said on Wednesday it began shipping gasoline on Line 2 and also restarted a portion of Line 1 upstream of the spill site between Houston and Boligee, Alabama. Colonial added that fuel shippers have begun to implement contingency plans to further mitigate potential disruption to their operations, including dispatching waterborne cargoes from the Gulf Coast to markets along the Eastern Seaboard. The Colonial pipeline system connects Gulf Coast refineries with markets across the southern and eastern United States through more than 5,500 miles of pipeline, delivering gasoline, diesel, jet fuel, and other refined products. Lines 1 and 2 run from Houston, Texas to Greensboro, North Carolina, supplying markets in Mississippi, Alabama, Tennessee, South Carolina, and North Carolina. Colonial's Lines 3 and 4 move fuels north from Greensboro to markets in Virginia, Maryland, Pennsylvania, and New Jersey before terminating in the New York Harbor area.

Reuters, 5:16 September 14, 2016

EPA Waves Federal Gasoline Volatility Requirements in Georgia and Tennessee September 14 in Response to Colonial Pipeline Supply Disruption

The U.S. Environmental Protection Agency (EPA) on Wednesday issued an official waiver for federal low volatility requirements under the Clean Air Act for 13 counties surrounding the Atlanta, Georgia metropolitan area, and 5 counties in the Nashville, Tennessee metropolitan area due to a disruption in the supply of low volatility fuel caused by an unanticipated failure along the Colonial Pipeline System in Alabama. The EPA determined, and the U.S. Department of Energy (DOE) concurred, that the waiver was necessary to prevent a disruption of an adequate fuel supply to consumers in the affected counties. EPA concluded that the Colonial Pipeline outage resulted in a significant curtailment of 7.8 pounds per square inch (psi) Reid Vapor Pressure (RVP) gasoline, which is required during the "high ozone" season, which lasts through September 15, 2016. The EPA waiver allows suppliers in Georgia and Tennessee to distribute higher volatility gasoline (finished gasoline (blended with ethanol) up to 10.0 psi) on Thursday, one day in advance of the seasonal RVP change on September 16.

<https://www.epa.gov/sites/production/files/2016-09/documents/fuelwaiverconcerningatlantaandnashville91416.pdf>

Electricity

FirstEnergy's 821 MW Beaver Valley Nuclear Unit 1 in Pennsylvania Reduced to 42 Percent by September 15

On the morning of September 14 the unit was operating at 96 percent.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2016/>

Entergy's 813 MW FitzPatrick Nuclear Unit in New York Reduced to 54 Percent by September 15

On the morning of September 14 the unit was operating at 84 percent.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2016/>

Update: APS's 1,243 MW Palo Verde Nuclear Unit 1 in Arizona at Full Power by September 15

On the morning of September 14 the unit was operating at 31 percent after restarting on September 13. The unit shut from full on September 7 power due to a pressurizer main spray valve that was stuck open.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2016/>

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2016/20160908en.html>

Update: AES's 175 MW Redondo Gas-fired Unit 6 in California Returns to Service by September 14

The unit returned from an unplanned outage that began on September 12.

<http://content.caiso.com/unitstatus/data/unitstatus201609141515.html>

Petroleum

ExxonMobil Reports Polyethylene Plant Power Outage at Its 344,600 b/d Beaumont, Texas Refinery September 14

ExxonMobil reported the polyethylene plant at its Beaumont refinery experienced a power outage that resulted in unplanned flaring, according to a community information line. Power was restored and the plant was in the process of returning to normal operations, ExxonMobil said.

Reuters, 10:44 September 14, 2016

Shell Reports Leak at Its 285,500 b/d Deer Park, Texas Refinery September 14

Royal Dutch Shell on Wednesday morning, reported a leak on E-8054 lower reboiler as the Cumene unit was heating up at its Deer Park refinery, according to a filing with the Texas Commission on Environmental Quality. The leak was repaired, according to Shell. Shell's Deer Park, Texas facility is a 50-50 joint venture between Shell and Petroleos Mexicanos.

Reuters, 6:57 September 14, 2016

U.S. EPA Reaches Settlement with General Petroleum to Reduce Risk of Spills at Its Oil Storage Facility in California September 13

The U.S. Environmental Protection Agency (EPA) on Tuesday reached a settlement with General Petroleum Corporation to resolve federal Clean Water Act violations at its petroleum storage facility located on Terminal Island in the Port of Los Angeles, California. A joint inspection conducted by the EPA and representatives of the Los Angeles Fire Department in April 2015 found that General Petroleum had violated regulations requiring coastal petroleum facilities to prepare and implement a Spill Prevention, Control, and Countermeasure (SPCC) plan. General Petroleum is located within the Port of Los Angeles adjacent to the Los Angeles Harbor. The company failed to provide adequate secondary containment around tanks to keep spilled oil from leaving the site and entering surrounding waters. General Petroleum also failed to amend and re-certify its SPCC plan after making significant physical changes to its facility. In addition, the company did not maintain and implement an SPCC plan that discusses discharge or drainage controls, and procedures for the control of a potential discharge. The company will pay a \$15,500 penalty as part of the agreement, and has already come into compliance with the law, the EAP said.

<https://www.epa.gov/newsreleases/us-epa-requires-la-oil-storage-facility-reduce-risk-spills>

U.S. Crude Inventories Fall by 559,000 Barrels September 14 – EIA

U.S. crude inventories fell by 559,000 barrels in the last week, compared with expectations for an increase of 3.8 million barrels, data from the U.S. Energy Information Administration (EIA) showed on Wednesday. Crude stocks at the Cushing, Oklahoma delivery hub fell by 1.245 million barrels, EIA said.

http://www.downstreamtoday.com/news/article.aspx?a_id=53521

PHMSA Orders Inquiry, Repairs after Leak from Sunoco's 200,000 b/d Permian Express II Pipeline September 10

The Pipeline and Hazardous Materials Safety Administration (PHMSA) on Wednesday issued a Corrective Action Order to Sunoco Logistics requiring it to examine and fix its Permian Express II pipeline in central Texas after it leaked 800 barrels of oil on September 10. A segment of the pipeline will remain shut until regulators authorize a written restart plan, PHMSA said. Sunoco must submit a remedial work plan within 45 days of receiving the results of metallurgical tests. The cause of the incident is not yet known, but in a notice issued to the company, regulators said the leak appears to be in the vicinity of a girth weld. Regulators had already issued Sunoco a Notice of Probable Violation, and proposed a \$1.3 million fine for welding practices used during the construction of the Permian Express II, including the use of unqualified welders. Sunoco in May contested the regulator's claims and requested a hearing. The pipeline, which began service in mid-2015, moves crude from the Permian Basin to Corsicana, Texas, where it can connect to the U.S. Gulf Coast.

Reuters, 2:16 September 15, 2016

Kinder Morgan Says Its 99,000 b/d Double H Pipeline Returns to Service after Communication Issue September 14

Kinder Morgan said its Double H pipeline returned to service on Wednesday after a communication issue earlier in the day. Energy industry intelligence firm Genscape on Wednesday reported that flow on the Double H pipeline was shut. The pipeline flows south from Dore, North Dakota, to Guernsey, Wyoming.

Reuters, 5:03 September 14, 2016

Natural Gas

PUCO Approves Expansion of Dominion East Ohio's Pipeline Infrastructure Replacement Program September 14

The Public Utilities Commission of Ohio (PUCO) on Wednesday voted to authorize Dominion East Ohio to continue its natural gas Pipeline Infrastructure Replacement (PIR) program and recover the associated costs for another five-year period, which runs through 2021. The PUCO also approved an increase in annual PIR spending from the current \$160 million to \$180 million in 2017, \$200 million in 2018 and increasing 3 percent per year thereafter, and to recover the associated cost from customers through the PIR Cost Recovery Charge. Dominion launched its \$4 billion, 25-year PIR program in mid-2008. The program involves the eventual replacement of over 5,500 miles of the company's 22,000-mile pipeline system. Most of the pipeline to be replaced was installed in the first half of the 1900s.

<https://www.dom.com/residential/dominion-east-ohio/news/news-releases/137169>

Enbridge Reports Power Outage at Its 150 MMcf/d Tilden Gas Plant in Texas September 15

Enbridge reported a power outage caused the plant to go offline. A bird was found within a portion of the high voltage system which evidently caused the failure. All gas was routed to the flare system in order to curtail emissions. Flow and process were adjusted as needed to minimize downtime. Once power was restored, the system was brought back online.

<http://www2.tceq.texas.gov/oce/eei/index.cfm?fuseaction=main.getDetails&target=243815>

SoCalGas Reaches \$4 Million Reporting Compliance Settlement Stemming from Aliso Canyon Natural Gas Leak in California

California State prosecutors announced September 13 that Southern California Gas Company (SoCalGas) agreed to pay \$4 million after the company failed to immediately report an October 2015 gas leak at its Aliso Canyon site near Porter Ranch. The leak forced the evacuation of more than 6,000 people to the California Office of Emergency Services and the local Certified Unified Program Agency. Under the settlement, the company must pay \$307,500 in penalties and fines, and install and maintain a \$1.5 million methane monitoring system at its Aliso Canyon facility, among other requirements.

https://www.socalgas.com/1443739865112/Statement_on_Settlement_with_LA_County-91316.pdf

http://www.nytimes.com/2016/09/14/us/southern-california-gas-reaches-4-million-settlement-over-natural-gas-leak.html?_r=2

Other News

Nothing to report.

International News

Update: Libya's NOC Lifts Force Majeure at Eastern Ports, Export Loadings Resume September 15

Libya's National Oil Corporation (NOC) on Thursday said it was lifting force majeure at three ports, which were seized days earlier by rival eastern forces. The NOC's Chairman said he had accepted a handover of the ports from forces loyal to eastern commander and exports would immediately resume from Zueitina and Ras Lanuf. A port official at Ras Lanuf said a tanker had docked to load more than 600,000 barrels of crude at the port early on Thursday, the first to do so since at least 2014, and that a second tanker had docked at Brega, which has remained open. The shipments had been arranged before Es Sider, Ras Lanuf, Zueitina, and Brega were seized on Sunday and Monday, the port official said. Separately, an oil official said production had restarted on Thursday at the Nafoura field, which was closed in November 2015 due to force majeure at Zueitina port.

Reuters, 5:47 September 15, 2016

Reuters, 5:18 September 15, 2016

Update: ExxonMobil Prepared to Load Qua Iboe Crude Exports in Nigeria – Trading Sources

ExxonMobil is prepared to export Nigeria's Qua Iboe crude oil, with the first cargo expected to load as early as the end of September, trading sources said on Thursday. Qua Iboe, Nigeria's most marketable export stream, has been under force majeure since July after a leak on the main 48-inch pipeline that supplies the export terminal. While Exxon offered an October-loading cargo earlier this week, sources now said that a pipeline is operational and that state oil company NNPC is in the process of allocating more cargoes. Other companies, including Vitol and Oando, were also offering October-loading cargoes, with a total of four now on offer. It was unclear however whether the original 48-inch pipeline was back online, or whether Exxon was using an alternative pipeline that sources said was being prepared to use while repairs were underway on the primary line.

Reuters, 9:07 September 15, 2016

Energy Prices

U.S. Oil and Gas Prices			
September 15, 2016			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S.	43.80	47.58	44.53
\$/Barrel			
NATURAL GAS			
Henry Hub	3.04	2.83	2.70
\$/Million Btu			

Source: Reuters

Links

This Week in Petroleum from the U.S. Energy Information Administration (EIA)

<http://www.eia.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM ET every Wednesday.

Natural Gas Weekly Update from EIA

<http://www.eia.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM ET every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/ead.aspx>

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